

SIGNATURE AND NONLITIGATION CERTIFICATE

We, the undersigned, being respectively the duly qualified and acting Mayor and City Administrator of the City of Appleton, Swift County, Minnesota (the "City"), DO HEREBY CERTIFY that we did, in our official capacities as such officers, sign our own proper names on the City's \$6,071,937 General Obligation Taxable Water Revenue Note of 2020 (the "Note"), dated the date hereof, the seal of the City was intentionally omitted as permitted by law. The Note bears interest, which starts accruing on the initial disbursement date, at the rate of 1.00% per annum, payable on February 20 and August 20 of each year, commencing August 20, 2021, and matures in installments commencing on August 20, 2021 through August 20, 2050, inclusive.

WE FURTHER CERTIFY that the signature of Emma Haugen affixed hereto is the true and proper signature of the qualified and acting Clerk-Treasurer.

WE FURTHER CERTIFY that we are now, and were on the date of signing the Note, the duly qualified and acting officers therein indicated, and duly authorized to execute the same.

WE FURTHER CERTIFY that the Note has been in all respects duly executed for delivery pursuant to authority conferred upon us as such officers; that the Note has been registered in the name of the purchaser of the Note; that no obligation other than the Note described above has been issued pursuant to such authority; that none of the proceedings or records which have been certified to the purchaser of the Note or the attorneys approving the same have been in any manner repealed, amended or changed; and that there has been no change in the financial condition of the City, or of the facts affecting the Note.

WE FURTHER CERTIFY that there is no litigation threatened or pending (1) questioning the organization or boundaries of the City, (2) questioning the right of either of us or any members of the City Council to our or their respective offices, (3) in any manner questioning our right and power to execute and deliver the Note, or (4) otherwise questioning the validity of the Note or the pledge of net revenues and the levy of taxes for the payment of the installments of principal on the Note and the interest thereon.

Dated: December 14, 2020.

CITY OF APPLETON, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

By _____
Its Clerk-Treasurer

[Signature Page to Signature and Nonlitigation Certificate]

TREASURER'S RECEIPT

I, the undersigned, being the duly qualified and acting Treasurer of the City of Appleton, Swift County, Minnesota DO HEREBY CERTIFY AND ACKNOWLEDGE that on the date hereof the City received non-monetary consideration from the Minnesota Public Facilities Authority upon the delivery of the City's \$6,071,937 General Obligation Taxable Water Revenue Note of 2020, and did thereupon deliver the Note to the Minnesota Public Facilities Authority.

Dated: December 14, 2020.

CITY OF APPLETON, MINNESOTA

By _____
Its Treasurer

[Signature Page to Treasurer's Receipt]

NOTE REGISTER

\$6,071,937 GENERAL OBLIGATION TAXABLE WATER REVENUE NOTE OF 2020

The ownership of the unpaid principal amount of the above Note and the interest accruing thereon is registered on the books of the City of Appleton, Minnesota, in the name of the holder last noted below.

<u>DATE OF REGISTRATION</u>	<u>NAME AND ADDRESS OF REGISTERED OWNER</u>	<u>SIGNATURE OF TREASURER</u>
December 14, 2020	Minnesota Public Facilities Authority Saint Paul, Minnesota Federal Employer Identification No. 41-6007162	

CERTIFICATE OF BORROWER

This certificate is submitted in connection with the loan from the Minnesota Public Facilities Authority (the "PFA") to the City of Appleton, Minnesota (the "City"), pursuant to the PFA's Drinking Water Revolving Fund program. The loan is being made pursuant to a Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement, dated November 6, 2020 (the "Bond Purchase and Project Loan Agreement"), by and between the PFA and City, and is evidenced by the City's \$6,071,937 General Obligation Taxable Water Revenue Note of 2020 (the "Note").

We, the undersigned, hereby represent and warrant on behalf of the City as follows:

1. Authority. We have been duly authorized to sign this certificate for and on behalf of the City.
2. Organization. The City is duly organized as a municipal corporation and validly existing under the Constitution and laws of the State of Minnesota.
3. Due Adoption. The resolution authorizing the execution and delivery of the Bond Purchase and Project Loan Agreement and Note was duly adopted at a meeting of the governing body of the City which was called and held pursuant to law and at which a quorum was present and acting throughout.
4. No Conflict or Breach. The execution and delivery of the Bond Purchase and Project Loan Agreement and the Note and compliance with the provisions thereof, under the circumstances contemplated thereby, will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or any existing law, administrative legislation, court order or consent decree to which the City is subject.
5. No Litigation. There is no litigation now pending or, to my knowledge, threatened (a) to restrain or enjoin the issuance or delivery of the Note or the collection of revenues pledged under the Note, (b) in any way contesting or affecting any authority for the execution of the Bond Purchase and Project Loan Agreement and the issuance of the Note or the validity of the Note, or (c) in any way contesting the existence or powers of the City with respect to the issuance of the Note or the security therefor.
6. Authorization; Enforceability. The Bond Purchase and Project Loan Agreement and the Note have been duly authorized, executed and delivered and, assuming with respect to the Bond Purchase and Project Loan Agreement the due authorization, execution and delivery thereof by the PFA, constitute binding and enforceable agreements of the City in accordance with their terms except to the extent limited by state and federal laws, rulings, decisions, and principles of equity affecting remedies and by bankruptcy, reorganization and other laws of general application relating to or affecting enforcement of creditors' rights.
7. Validity; Enforceability. The Note is a valid and binding full faith and credit general obligation of the City and all of the taxable property within the City's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Note and the pledge of net revenues

of the municipal water system (the "Water System") for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

8. Information Provided to PFA. The City has duly authorized, and hereby consents to, the use of the information concerning the City provided in the City's application for the loan. The statements and information concerning the City provided in the City's application for the loan or otherwise provided to the PFA do not contain an untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading.

9. Notification about Changes. The City covenants that it will notify the PFA immediately if it becomes aware of any changes or events which occur which cause the information contained in the City's application for the loan or otherwise provided to the PFA to contain an untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading.

10. Scope of Statement. The City has not verified or reviewed, and is not passing upon and does not accept responsibility for, any information in any Official Statement or other offering material of the PFA relating to its bonds, other than as set forth above.

11. Purpose. The Note is being issued pursuant to Minnesota Statutes, Chapters 444 and 475 for the purpose of providing funds to finance the construction of a drinking water treatment plant, new well (#5) and associated watermain, all as detailed in the Minnesota Department of Health's certification, dated June 26, 2020 (the "Project"). All costs of the Project to be paid or reimbursed with the proceeds of the Note have been or will be incurred after the date on which the City took some official action determining to finance the costs of the Project.

12. Yield. The Note is being sold to the PFA for a purchase price of \$6,071,937 to be disbursed for costs of the Project as provided in the Bond Purchase and Project Loan Agreement. The Note may be purchased with or allocated to the proceeds of bonds issued by the PFA (the "PFA Bonds"), and the PFA's receipts under the Note may be used to pay the PFA Bonds. The interest rate on the Note is 1.00%. The yield on the Note is not determinable at the time of issuance; however, the City has agreed to calculate the yield on the Note at the time or times and in the manner required by the Regulations. The City in the Resolution has covenanted not to invest any funds in its possession which are considered gross proceeds of the PFA Bonds under the applicable regulations, a yield in excess of the yield on the applicable PFA Bonds.

13. Proceeds. The "Resolution Accepting the Offer of the Minnesota Public Facilities Authority to Purchase a \$6,071,937 General Obligation Taxable Water Revenue Note of 2020, Providing for its Issuance and Authorizing Execution of a Bond Purchase and Project Loan Agreement" (the "Note Resolution"), adopted on December 9, 2020, creates a special fund of the City designated the "Water Fund" (the "Fund"), and separate accounts relating to the Note, the "PFA Construction Account" and "PFA Debt Service Account" and continues the previously established "Operation and Maintenance Account". There will be deposited in the PFA Construction Account the proceeds of the Note as they are disbursed. Moneys in the PFA

Construction Account will be used to finance costs and expenses of the Project. Construction of the Project will be pursued with due diligence to completion thereof, and all of the proceeds of the Note are expected to be spent on or before June 25, 2022. Proceeds of the Note in an amount equal to the face amount of the Note will not exceed the estimated dollar cost of the Project less any other funds to be expended for paying such costs. In accordance with the Bond Purchase and Project Loan Agreement, the City will request disbursements only for costs of the Project which have been temporarily paid by the City or which are due and payable and will disburse reimbursements immediately upon receipt. The City does not expect to hold and invest any amounts in the PFA Construction Account. The proceeds of the Note are expected to be disbursed by the City to pay costs of the Project upon receipt of the proceeds thereof.

14. Revenues and Ad Valorem Taxes. The PFA Debt Service Account has been established for payment of principal of and interest on the Note. Revenues of the City's municipal water system (the "Water System") will be deposited in the Operation and Maintenance Account of the Water Fund and after payment of costs of operation and maintenance constitute "net revenues". The following are pledged to, and will be deposited in, the PFA Debt Service Account upon receipt: (a) net revenues of the Water System in an amount sufficient, with taxes levied in the resolution issuing the Note, to pay the principal of and interest on the Note when due; (b) any collections of general ad valorem taxes hereafter levied for the payment of the Note; (c) all investment earnings on moneys held in the PFA Debt Service Account; (d) any funds remaining in the PFA Construction Account after construction of the Project and payment of the costs thereof; and (e) any other moneys which are properly available and are appropriated by the City Council of the City to the PFA Debt Service Account.

Debt service on the Note has been scheduled for payment of the highest practical amount of debt service in each year. If the amount on deposit in the PFA Debt Service Account ever exceeds the aggregate amount of principal and interest due and payable from the PFA Debt Service Account within the next succeeding twelve months (taking into account any amounts paid over to the PFA during such period), such excess shall be invested at a yield less than or equal to the yield on the PFA Bonds as determined by the PFA.

15. Other Funds. There are no funds, other than the funds referred to above, which the City expects to use to pay principal of, and interest on, the Note. There is no reasonable assurance that any funds, other than the funds referred to above, will be available to pay principal of, and interest on, the Note.

Dated: December 14, 2020.

CITY OF APPLETON, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

[Signature Page to Certificate of Borrower]